



Department of Energy

Washington, DC 20585

April 10, 2002

MEMORANDUM FOR DISTRIBUTION

FROM: HELEN O. SHERMAN, DIRECTOR *Helen O. Sherman*
OFFICE OF FINANCE AND ACCOUNTING POLICY

SUBJECT: POSTRETIREMENT BENEFITS OTHER THAN PENSIONS (PRB)
FY 2002 INFORMATION REQUEST

Note: This guidance has been exempted from Field Management Council review.

The Department will continue to follow the requirements of Financial Accounting Standards Board (FASB), Statement No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," of December 1990, for measuring and recognizing costs and liabilities associated with contractor PRB and will continue to use nonfund transactions to annually accrue the incremental costs and liabilities (i.e., amounts required beyond "pay-as-you-go" requirements). In this regard, the requirements contained in the attached "Department of Energy Postretirement Benefit Plans, Fiscal Year 2002 Information Request," (information request) are applicable to any DOE contractor, whether or not a management and operating contractor, for which the Department has a continuing PRB obligation. The completed information requests will be used in the development of PRB accrual estimates and the data will be reviewed and compiled by Headquarters with the assistance of our contractual actuarial support in the development of yearend consolidated Departmental disclosures in accordance with the requirements of FASB Statement No. 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits," which supersedes the disclosure requirements of FASB Statement No. 106. **A copy of the information request should be forwarded to applicable contractors immediately to allow sufficient time to complete the required reporting schedules.**

The FY 2002 information request has been modified to clarify areas where contractors experienced the most difficulty in completing last year's requirements and the required standardized assumptions have been reviewed and updated as needed (e.g., **required discount rate selected is 7.25%; required medical trend rate assumptions have been changed**). To assist in completing this year's response, the FY 2002 information request provides, as attachments, a copy of any FY 2001 individual contractor memoranda developed by our contractual actuarial support regarding any additional information requested as a result of the FY 2001 review process and applicable individual contractor disclosure sheets, "9/30/2001 Disclosure Information under FAS Statement No. 106." These disclosure sheets contain information necessary for the completion of the FY 2002 information request. For example, the amount on Line D.5, "9/30/2001 Total Accrued Postretirement Benefit Cost," of the attached disclosure sheet(s) must be used on Table A-1, Line A.1, "Accrued Postretirement Benefit Cost at 9/30/2001," of the information request.



As required in previous information requests, the PRB estimates must be developed by the contractors through the use of qualified actuarial support. Two (2) hard copies of the completed submissions should be forwarded to the Office of Financial Policy (ME-11) and one (1) hard copy to Headquarters actuarial support, Jeff Rose, Buck Consultants, Inc., 202 West Berry Street, Suite 700, Fort Wayne, IN 46802, by May 30, 2002. A diskette containing the attached reporting schedules and standardized assumptions has also been attached. One completed copy of the diskette using the prescribed formats (**Microsoft Word 97 and Microsoft Excel 97**) must be included with each contractor submission to ME-11 and to Buck Consultants, Inc. Any significant deviation from the information request requirements must be justified in writing and submitted to ME-11 for concurrence prior to processing the valuations.

Procedures established by the Office of Financial Control and Reporting shall be followed for recording PRB liabilities. It should also be noted that adjustments to the accrual estimates may be required as additional information becomes available by yearend (e.g., actual employer cash costs for the fiscal year and updated asset information, if applicable, required by August 28, 2002).

Please forward the name, phone number, and fax number of a point of contact to ME-11 by April 29, 2002. If you or your staff should have any questions concerning this memorandum, please contact Michael Lynch of my staff on (202) 586-6894.

Attachments

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